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Message Text

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64
ACTION EUR-25

INFO OCT-01 NEA-10 IO-14 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 OMB-01 NIC-01 EB-11 EA-11 DRC-01

/171 W
---------- 114900
R 291415Z NOV 73
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TO SECSTATE WASHDC 9244
INFO AMEMBASSY ATHENS
AMEMBASSY BUCHAREST
AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MOSCOW
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY WARSAW
USNMR SHAPE BELGIUM
USCINCEUR
USMISSION BERLIN
USMISSION NATO BRUSSELS
USMISSION EC BRUSSELS
USMISSION GENEVA

C O N F I D E N T I A L BRUSSELS 6897

E.O. 11652: GDS
TAGS: PFOR, PO, BE
SUBJECT: GIEREK VISIT TO BELGIUM

REF: BRUSSELS 6872

1. SUMMARY: ECONOMIC ASPECTS OF NOVEMBER 19-22 VISIT TO
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BELGIUM OF GIEREK CONSTITUTED OF TWO ELEMENTS: SIGNING

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OF BY NOW STANDARS 10 YEAR AGREEMENT ON ECONOMIC, INDUSTRIAL, SCIENTIFIC, AND TECHNICAL COOPERATION (REFTEL, TEXT BEING POUCHED), AND POLISH REQUEST FOR LARGE, LONG-TERM CREDITS. LATTER WERE REFUSED BUT "FACE-SAVING" (BELGIAN DESCRIPTION) FORMULA WORKED OUT TO ASSIST POLES IN FINDING PRIVATE CREDIT. END SUMMARY.

2. MAJOR ECONOMIC ITEM OF DISCUSSIONS DURING GIEREK VISIT WAS REQUEST FOR SUBSTANTIAL, LONG-TERM, LOW COST, STATE-TO-STATE LOAN TO FINANCE POLISH PURCHASES OF BELGIAN EXPORTS. BELGIAN RESPONSE WAS NEGIATIVE AND TALKS DID NOT GO WELL. BELGIANS STATED THEY PROVIDED SUCH LOANS ONLY TO LDC'S AND POLAND DID NOT MEET CRITERIA. THEY SUGGESTED THAT LARGE LOANS WERE AVAILABLE FROM PRIVATE BANKING SECTOR AND THAT BOG WOULD FACILITATE SUCH CREDITS INSOFAR AS POSSIBLE, EVEN TO POINT OF PROVIDING SOME CONCESSIONARY INTEREST THROUGH MEDIATION OF GOVERNMENT OWNED EXPORT CREDIT ORGANIZATION.

3. POLES REPLIED PRIVATE LOANS WERE TOO EXPENSIVE AND COUNTERED WITH ANOTHER PROPOSAL; THAT GOB GUARANTEE PACKAGE OF EXPORTS (CAPITAL GOODS, TURN-KEY FACTORIES, ETC.) TO VALUE OF BF 25 BILLION. POLES WOULD COVER THIS PACKAGE WITH COMBINATION HARD CURRENCIES AND POLISH PRODUCTS (E.G. COAL) TO VALUE OF BF 13 BILLION; REST WOULD BE FINANCEDBY GOB GUARANTEED CREDIT. BELGIANS ACCEPTED IN PRINCIPLE, BUT WITH PROVISION THAT THEY WOULD CONSIDER EACH ITEM OR CONTRACT ON A "CASE TO CASE" BASIS, AND, IF THEY FIND IT VIABLE, WOULD "FACILITATE" CREDIT ARRANGEMENTS.PERIOD TO BE COVERED BY THIS ARRANGEMENT IS 7 YEARS (LAST TWO YEARS OF CURRENT POLISH FIVE YEAR PLAN, PLUS SUCCESSOR PLAN).

4. AGREEMENT WAS CONSUMATED BY EXCHANGE OF LETTERS WHICH GOB DOES NOT RPT NOT INTEND TO MAKE PUBLIC. SENIOR ECONOMIC OFFICIAL IN MINFORAFFAIRS STATED IN PRVIATE TO US THAT GOB CONSIDERS AGREE-MENT WITHOUT REAL SUBSTANCE, BUT PROVIDES "FACE-SAVING" ACHIEVE-MENT FOR POLISH DELEGATION.BOOCHEVER

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